

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



October 14, 1999

ALL COUNTY LETTER NO. 99-88

TO: ALL COUNTY WELFARE DIRECTORS
ALL CHIEF PROBATION OFFICERS
LOCAL/COUNTY MENTAL HEALTH DIRECTORS
ALL COUNTY FISCAL OFFICERS
ALL FOSTER FAMILY AGENCIES

SUBJECT: CHANGES TO THE SHARING RATIOS FOR MAINTENANCE AND
ADMINISTRATION COSTS IN FOSTER FAMILY AGENCY (FFA)
TREATMENT PROGRAMS

REASON FOR THIS TRANSMITTAL

- ☐ State Law Changes
- ☐ Federal Law of Regulations Change
- ☐ Court Order or Settlement Agreement
- ☐ Clarification Requested by One or More Counties
- ☒ Initiated by CDSS

The purpose of this letter is to advise you of changes to the methodology used to establish the ratios that are applied to the FFA treatment program rates to identify non-federal costs. These changes are the result of a federal audit of the FFA rate structure and reimbursement procedures.

CHANGES TO FUNDING RATIOS FOR FFA TREATMENT RATES

Effective July 1999, the California Department of Social Services (CDSS) Foster Care Rates Bureau (FCRB) revised the methodology used to calculate the non-federally eligible portion of the FFA administration costs related to social work. Based on the new methodology, these ratios have changed for the five age groups.

Background

In May 1996, the federal Department of Health and Human Services, Office of Inspector General (OIG) conducted an audit of Title IV-E foster care payments made to FFAs in California for the period of October 1, 1991 through December 31, 1995. The OIG reviewed the CDSS' methodology for determining payment rates of FFAs, which included a review of the FFA ratesetting policies and procedures, and the rate calculation and reimbursement methodology for the FFA administration portion of the rate. Based on the review, the OIG recommended that the CDSS 1) develop procedures to ensure that FFA administration costs related to social work activities provided by FFAs are not claimed for federal Title IV-E reimbursement, and 2) develop procedures to ensure that allowable FFA administration costs are appropriately claimed as administration rather than foster care maintenance.

The CDSS has appealed the audit findings related to the calculation of the FFA administration costs related to social work. However, pending resolution of the appeal, CDSS has suspended claiming federal reimbursement for administration costs related to social work activities. In addition, counties are now required to report separately maintenance costs and administration costs on assistance claims. Claiming instructions have been released and are contained in County Fiscal Letter (CFL) No. 98/99-80, dated July 19, 1999, and in an erratum to this CFL containing revised claiming instructions and forms dated September 13, 1999.

FFA TREATMENT RATE FUNDING RATIOS

The table below displays the temporary federal and non-federal funding sharing ratios for the maintenance and administration portions of the FFA payments for the five age groups. The sharing ratios will be used by counties to calculate the administration portion of the total rate and to back out the non-federal social work and non-federal administration costs on the FC1, Foster Care Facility Report form. For claiming purposes, the ratios shown should be applied to the maintenance and administration costs for fiscal year (FY) 1999/2000. These temporary sharing ratios are in effect until further notice. Following resolution of the FFA audit appeal, CDSS will issue an ACL with updated information on funding ratios for claiming maintenance and administration costs. Counties must begin using the new methodology for calculating sharing ratios immediately.

NOTE: There are no changes to the rate calculations or sharing ratios for FFA nontreatment programs. The rates, which include the 2.36 percent rate increase effective July 1, 1999, and sharing ratios remain 100% federally allowable.

For those FFAs with rates higher than those established in the Schedule of Rates, notification of those funding ratios will be sent by separate letter to each affected FFA.

FFA SHARING RATIOS FOR CLAIMING FFP

Age Group:	<u>0-4</u>	<u>5-8</u>	<u>9-11</u>	<u>12-14</u>	<u>15-18</u>
<u>Maintenance Ratios</u>	59.97%	59.99%	59.99%	59.99%	59.98%
• <u>Federal</u>	67.58%	68.78%	69.72%	71.26%	72.52%
• <u>Non-Federal</u>	32.42%	31.22%	30.28%	28.74%	27.48%
<u>Administration Ratios</u>	40.03%	40.01%	40.01%	40.01%	40.02%
• <u>Federal</u>	67.56%	68.74%	69.68%	71.22%	72.49%
• <u>Non-federal</u>	32.44%	31.26%	30.32%	28.78%	27.51%

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If you have questions regarding the changes in the FFA treatment program funding ratios, please contact the Foster Care Rates Bureau at (916) 323-1263. Questions regarding claiming procedures should be directed to the Fiscal Policy Bureau at (916) 657-3440.

Sincerely,

**Signed by Del Sayles-Owen
on October 12, 1999**

DEL SAYLES-OWEN
Acting Deputy Director
Children and Family Services Division

c: County Welfare Directors' Association
California Association of Services for Children
California Association of Children's Homes
Residential Care Providers Association in Los Angeles County
Association of Minority Adolescents in Residential Care Homes of Los Angeles County
African American Foster Parent and Group Home Association
Foster Care Alliance